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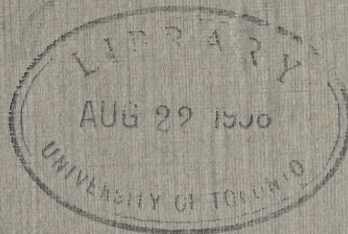
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Ontario Hydro-Electric Inquiry Commission 1922-1924

COPY FOR MR. J. ALLAN ROSS

[Secretary's Report]



HYDRO-ELECTRIC INQUIRY COMMISSION

GENERAL REPORT

ST. LAWRENCE SYSTEM

JOSEPH H. W. BOWER
SECRETARY

ST. LAWRENCE SYSTEM

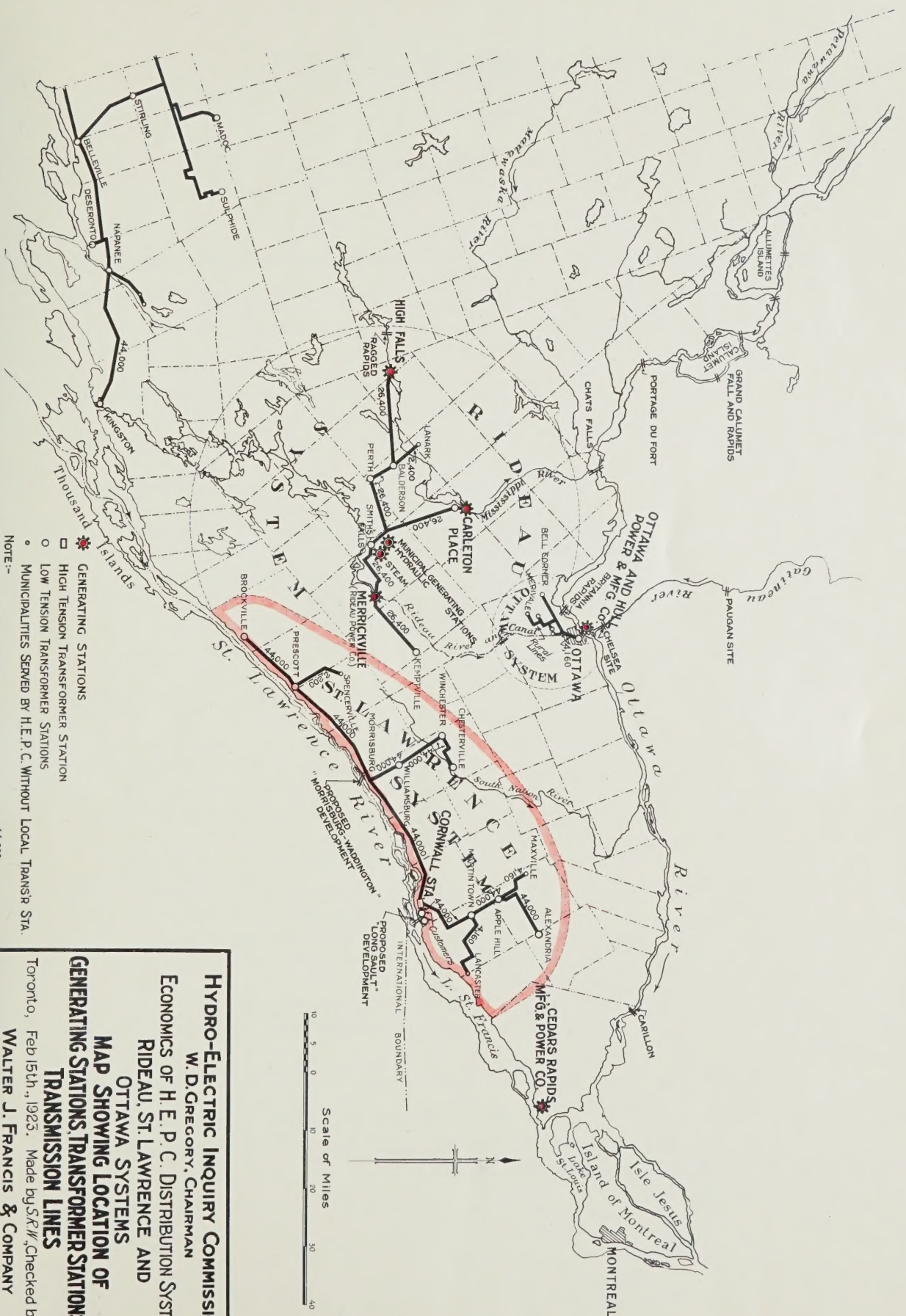
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Hydro-Electric Inquiry Commission
Examiner: H. E. C. Duggan, Esq.
RURAL ST. LAWRENCE AND
DUGGAN SYSTEM
MAP SHOWING LOCATION OF
ST. LAWRENCE AND DUGGAN SYSTEMS
IN THE ST. LAWRENCE RIVER
VALLEY

Map Showing Location of

St. Lawrence System


COPY



* GENERATING STATIONS
 □ HIGH TENSION TRANSFORMER STATIONS
 ○ LOW TENSION TRANSFORMER STATIONS
 • MUNICIPALITIES SERVED BY H.E.P.C. WITHOUT LOCAL TRANSFER STATION

NOTE:— TRANSMISSION LINE VOLTAGE SHOWN THUS C 44,000

HYDRO-ELECTRIC INQUIRY COMMISSION
 W.D. GREGORY, CHAIRMAN
 ECONOMICS OF H.E.P.C. DISTRIBUTION SYSTEMS
 RIDEAU, ST. LAWRENCE AND
 OTTAWA SYSTEMS
**MAP SHOWING LOCATION OF
 GENERATING STATIONS, TRANSFORMER STATIONS AND
 TRANSMISSION LINES**
 Toronto, Feb 15th., 1923. Made by S.F.W., Checked by W.H.M.
WALTER J. FRANCIS & COMPANY
 CONSULTING ENGINEERS



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ON THE

ST. LAWRENCE SYSTEM.

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ON THE

ST. LAWRENCE SYSTEM.

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[Handwritten signature]

[Handwritten text]

Toronto, Ontario,
May 4th, 1925.

Hydro-Electric Inquiry Commission,
W. D. Gregory, Esq., Chairman,
Toronto, Ontario.

re: General Report - St. Lawrence System

Mr. Chairman and Gentlemen:-

In accordance with your instructions, a general report on the St. Lawrence System has been made, along the lines approved of by the Commission on January 2nd. The work has been done under my direct personal supervision as per your instructions.

The reports of Messrs. Price, Waterhouse & Company and Messrs. Clarkson, Gordon & Dilworth, together with the report on this system by the Commission's Consulting Engineer, Mr. Walter J. Francis, have been used in the preparation of this report, and in addition complete studies have been made of all evidence taken at the public hearing held in connection with the system.

The report falls naturally into two parts. The first part includes sections entitled "Historical Sketch", "Physical", "General Economics", and "General Relations". These sections are largely a recital of facts, but in addition a considerable amount of evidence has been quoted in order to fairly represent the claims and counter-claims made in connection with the contentious matters brought to the attention of the Commission. The second part of the report entitled "Summary" is merely intended to direct attention to those points which appear to require special consideration by the Commission.

Particular attention is directed to a sub-section of the report entitled "Addenda", which deals with the revision recently made in the reserve for renewals account.

All figures used in this report have been carefully checked by a representative of Messrs. Price, Waterhouse & Company. Evidence and reports forming the basis of this report are appended hereto, and in order to facilitate reference to the documents in question, on the right-hand margin of the report throughout will be found abbreviated references.

Yours very truly,

J. W. Dawson
Secretary

JHWB/G.

Document: 00000000
Page 1 of 2

Dr. J. B. Goss, Jr., Chairman
U. S. Geological Survey
Washington, D. C.

U. S. Geological Survey - 10. 10. 1964

Mr. Chairman and Gentlemen:-

In accordance with your instructions, a report on the U. S. Geological Survey has been made. This report is being submitted to you for your information and for your instructions.

The report of the U. S. Geological Survey, prepared by the U. S. Geological Survey, is being submitted to you for your information and for your instructions. The report is being submitted to you for your information and for your instructions.

The report is being submitted to you for your information and for your instructions. The report is being submitted to you for your information and for your instructions. The report is being submitted to you for your information and for your instructions.

Particular attention is directed to the fact that the report is being submitted to you for your information and for your instructions. The report is being submitted to you for your information and for your instructions.

All figures and data in this report have been carefully checked by a representative of the U. S. Geological Survey. The report is being submitted to you for your information and for your instructions.

[Handwritten signature]
J. B. Goss, Jr.
U. S. Geological Survey
Washington, D. C.

ST. LAWRENCE SYSTEMHISTORICAL SKETCH

At a meeting held in Brockville in December, 1910, at which representatives of various municipalities from Napanee to Morrisburg were present, the Hydro-Electric Power Commission of Ontario was requested to submit estimates for the supply of power to the district. Estimates based on an optional contract for the supply of power from Waddington, New York, were prepared and submitted to Brockville towards the end of 1911. Early in 1912, the municipalities of Prescott and Brockville arranged to take power from the Commission, so these municipalities formed the nucleus of the present St. Lawrence System.

WJF.
p.4.

The proposed contract for power at Waddington, New York, was never completed, but a power supply was obtained from the Rapids Power Company (New York & Ontario Power Company) at Morrisburg. Meanwhile Chesterville and Winchester carried by-laws for the supply of power and by November 1913, the Commission had forty-five miles of transmission line either in operation or under contract.

WJF.
p.5.

During the year 1914, Prescott, Winchester and Chesterville were supplied with power and in April 1915, Brockville and Williamsburg were supplied. At this time, the source of supply of power was changed from the New York & Ontario Power Company at Morrisburg to the H. F. Beach

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Company at Iroquois. In 1916, the demand for power increased to such an extent that the generating plant of the M. F. Beach Company was insufficient to satisfy the demand and necessitated the operation of the municipal steam auxiliary plant at Brockville in parallel with the plant at Iroquois. This operating arrangement was carried out throughout 1918, but with the increasing load and a shortage of power, the Commission was forced to change its source of power supply to the Cedars Rapids Transmission Company in May, 1919, and this arrangement has continued to the present time.

WJF.
p.6.

In 1921, the municipalities of Alexandria, Maxville, Apple Hill, Martintown and Lancaster joined the system along with a large private consumer, the Cornwall Pulp and Paper Company. The company, however, went into liquidation after a short period of operation, so that the power contract was of no value to the system and the company is still indebted to the Commission.

WJF.
p.7.

In 1922, the Eugene F. Phillips Electrical Works, Limited, established a factory in Brockville, and concluded a contract for a large supply of power from the Commission. This necessitated a remodelling and strengthening of the transmission lines to Brockville and also the installation of larger transformers at the Cornwall substation.

WJF.
p.7.Ev.
1656

Certain rural lines were constructed from Chester-ville to Brockville in this year, and further additional lines are in contemplation and under construction at the present time

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Certain people have been mentioned in the
this is possible in this year, and further additional
it is possible that the company was established in the second year

under the provisions of the Rural Hydro Electric
Distribution Act, 1921 (11 Geo. V, Chap. 21).

p.5.
p.6.

At the present time about ten municipi-
palities are being supplied by the system, as well
as a small number of individual consumers some of
whom require large blocks of power.

p.7.
p.7.

COPY

1-10
1-11

1-12
1-13

COPY

PHYSICAL

The St. Lawrence System may be briefly described as that serving the district adjacent to the St. Lawrence River, comprising portions of the Counties of Glengarry, Stormont, Dundas, Grenville and Leeds. At the present time the transmission lines extend from Alexandria on the east to Brookville on the west, and northwards from the river front as far as Maxville, Chesterville and Winchester.

WJF.
p.8.

The map included as a frontispiece shows the St. Lawrence System and also gives the names of the principal centres concerned. It also shows the Ottawa System and the Rideau System which are adjacent to the St. Lawrence System to the northwards, and which at some time may be interconnected with it.

WJF.
p.9.

Speaking broadly, the St. Lawrence System consists of a large transforming station situated near Cornwall, a system of transmission lines and transforming stations serving ten municipalities, and some rural lines.

WJF.
p.9.Generating Station and Other Sources
of Power Supply

Strictly speaking there are no local generating stations which are used as a regular source of supply for the St. Lawrence System. As the entire power supply is purchased for use on this system the main receiving and transforming station near Cornwall may be considered as the point of

WJF.
p.10.

2. M. T. 1. 1. 1.

The St. Lawrence System may be briefly described as that existing in the district adjacent to the St. Lawrence River, comprising portions of the provinces of Ontario, Quebec, New Brunswick, and Nova Scotia. It is the largest and most important of the systems in the Dominion, and is the only one which is not entirely within the limits of a single province. It is the only system in the Dominion which is not entirely within the limits of a single province. It is the only system in the Dominion which is not entirely within the limits of a single province.

The map included as a frontispiece shows the St. Lawrence System and also gives the names of the principal cities and towns in the system. It also shows the principal rivers and lakes in the system. It is the only map in the Dominion which shows the St. Lawrence System and also gives the names of the principal cities and towns in the system. It also shows the principal rivers and lakes in the system. It is the only map in the Dominion which shows the St. Lawrence System and also gives the names of the principal cities and towns in the system. It also shows the principal rivers and lakes in the system.

It is a large and important system, and is the only one in the Dominion which is not entirely within the limits of a single province. It is the only system in the Dominion which is not entirely within the limits of a single province. It is the only system in the Dominion which is not entirely within the limits of a single province. It is the only system in the Dominion which is not entirely within the limits of a single province. It is the only system in the Dominion which is not entirely within the limits of a single province.

Generation Station and other sources of power supply

Electricity generated in the St. Lawrence System is used for a variety of purposes, and is the only system in the Dominion which is not entirely within the limits of a single province. It is the only system in the Dominion which is not entirely within the limits of a single province. It is the only system in the Dominion which is not entirely within the limits of a single province. It is the only system in the Dominion which is not entirely within the limits of a single province. It is the only system in the Dominion which is not entirely within the limits of a single province.

generation for the St. Lawrence System. Until 1922 this station contained four 1,250 K.V.A., transformers stepping down the voltage from 110,000 volts to 26,400 volts. During 1922 these transformers were replaced by four others each of 5,000 K.V.A., capacity which are now so connected as to give 44,000 volts on the secondary, or low voltage side. The station has been remodelled where necessary to suit the new transformers and is amply large at the present time to serve the needs of the district for some time to come.

WJF.
p.9.

Miscellaneous Power Plants in the District

A table of miscellaneous power plants in the St. Lawrence System territory is shown on page 12 of our Consulting Engineer's report.

Transmission Lines

Up to October 31st, 1922, the Commission was operating high voltage transmission lines forming a 44,000-volt system from Alexandria on the east to Brockville on the west, with a number of branches to such points as Winchester and Chesterville. A few localities are supplied by means of the usual rural lines. The transmission system comprises a total of about 144 miles of lines constructed on wooden poles, and presents no extraordinary features. Considerable extensions to the rural lines are contemplated for 1923.

WJF.
p.14

extension for the St. Lawrence system. Early 1932 this

extension was completed and the St. Lawrence system

operated from the station at St. Lawrence.

During 1932 these transformers were replaced by four others

each of 2,000 K.V.A., capacity which are now so connected as

to give 44,000 volts at the secondary, or for voltage ratio.

The station has been remodelled where necessary so that the

new transformers and its supply lines at the present time to

serve the needs of the district for some time to come.

St. Lawrence power house is

COPY

St. Lawrence power house is

St. Lawrence power house is

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St. Lawrence power house is

St. Lawrence power house is

operating high voltage transmission line having a 44,000-

volt system from Alexandria on the east to Beaverville on

the west. This system of transmission is now being

extended and Beaverville. A few localities are supplied by

means of the same rural lines. The transmission system

consists of a total of about 144 miles of lines connecting

on wooden poles, and presents no extraordinary features.

General extension to the rural lines are contemplated

and

Transforming and Distributing Stations

The transmission system feeds the various municipalities and individual consumers at low voltage through substations. A list of these substations is shown on page 15 of our Consulting Engineer's report.

Local Distributing Systems

With the exception of the rural lines already mentioned and sundry individual customers such as the Howard Smith Paper Mills, Limited, there are no municipalities on the St. Lawrence System in which the Commission distributes retail power to the consumers. The Commission acts as a wholesale distributor and in all the municipalities the electricity is distributed by the municipality itself or by local commissions in the municipalities.

WJF.
p.15

Administrative and Financial Review

The Administrative Review Board has been established to review the activities of the various departments and to report to the Board of Directors. The Board of Directors has been established to review the activities of the various departments and to report to the Board of Directors.

Local Distribution System

With the completion of the local distribution system, the Board of Directors has been established to review the activities of the various departments and to report to the Board of Directors. The Board of Directors has been established to review the activities of the various departments and to report to the Board of Directors.

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10-10-1944

GENERAL ECONOMICSCapital Investment

In 1912 the Commission commenced the construction of wood pole lines and distributing stations for the purpose of supplying power to Brockville, Prescott and other municipalities in Eastern Ontario, and up to October 31st, 1921, the Commission had made an investment of \$334,193.53 in the system, which at the latter date was represented by:-

Transmission Lines	\$462,694.68
Transformer Stations	378,369.52
Rural Lines	<u>15,129.33</u>

GG&D.
1921
p.44.

COPY

\$854,193.53

At October 31st, 1916, the Commission's investment in the system amounted to \$176,658.00 and the balance going to make up the total investment as shown above has been made since that date so it will be seen that the system was built to a very large extent during times of high prices. WJF. p.24

The main receiving station has been constructed for a capacity several times larger than the present load, and the distances between consuming points on the system has resulted in a large mileage of lines built for comparatively small present requirements. The total capital costs, are, therefore, comparatively heavy for the actual use of power on the system, and until loads are considerably heavier, this will form a burden on the municipalities served, especially in the smaller places where the demand is small. WJF. p.25

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1944

In 1911 the Commission recommended the construction of a new power station at a site near the town of ... at a cost of \$1,000,000. The Commission also recommended the construction of a new transmission line from the new station to the town of ... at a cost of \$500,000. The Commission also recommended the construction of a new transmission line from the new station to the town of ... at a cost of \$500,000. The Commission also recommended the construction of a new transmission line from the new station to the town of ... at a cost of \$500,000.

1944
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COPY

At October 1st, 1911, the Commission's investigation in the system amounted to \$1,000,000 and the balance of the system amounted to \$500,000.

1944
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The main receiving station has been constructed at a site near the town of ... at a cost of \$1,000,000. The Commission also recommended the construction of a new transmission line from the new station to the town of ... at a cost of \$500,000. The Commission also recommended the construction of a new transmission line from the new station to the town of ... at a cost of \$500,000. The Commission also recommended the construction of a new transmission line from the new station to the town of ... at a cost of \$500,000.

1944
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The following is a table showing the capital cost on a basis of horse-power purchased for the period from 1914 to 1921, inclusive:

WJF.
p.29

	1914	1915	1916	1917	1918	1919	1920	1921
Transformer Stations	\$ 43	\$ 46	\$ 64	\$ 68	\$184	\$232	\$123	\$122
Transmission Lines	468	528	320	334	463	249	162	150
Rural Lines	-	-	-	-	-	-	-	4
T o t a l s	\$511	\$374	\$384	\$402	\$647	\$481	\$285	\$276

It will be noted that in the capital costs per horse-power nothing is shown for generating stations as there are none on the system, but the figures include the cost of the Cornwall receiving station with the other transformer stations.

WJF
p.28
& 29

At October 31st, 1921, the Commission contemplated making further expenditures during 1922 and 1923 for extensions to miscellaneous stations and lines at an estimated cost of \$288,600.00 and construction of rural lines costing approximately \$107,400.00. With these expenditures, the total investment in the St. Lawrence System at the close of the fiscal year 1923 will amount to approximately \$1,250,000.00. It is probable that the Commission will recommend that the Government pay one-half the cost of constructing the primary rural lines as provided in section 4 of the Rural Hydro-Electric Distribution Act.

P.W.
p.7

WJF
p.25

Reserve for Renewals

The balance in the reserve for renewals account at October 31st, 1921, amounted to \$76,369.49.

The following is a table showing the original

and as a basis of comparison for the period

1959
1960

from 1914 to 1981, inclusive:

1914 1915 1916 1917 1918 1919 1920 1921 1922 1923 1924 1925 1926 1927 1928 1929 1930 1931 1932 1933 1934 1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1945 1946 1947 1948 1949 1950 1951 1952 1953 1954 1955 1956 1957 1958 1959 1960 1961 1962 1963 1964 1965 1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981

1914 1915 1916 1917 1918 1919 1920 1921 1922 1923 1924 1925 1926 1927 1928 1929 1930 1931 1932 1933 1934 1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1945 1946 1947 1948 1949 1950 1951 1952 1953 1954 1955 1956 1957 1958 1959 1960 1961 1962 1963 1964 1965 1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981

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It will be noted that in the original cases for

cases-powers holding is shown for generating stations on shore

the same as the original, but the figures include the cases of the

generally included in the cases of the original, but the figures include the cases of the

At October 1981, 1981, the Commission estimated

making various adjustments during 1981 and 1982 the Commission

to estimate the stations and lines as an estimated cost of

\$128,000.00 and estimated the cost of the lines as estimated

\$1,157,000.00. With these adjustments, the total estimated

in the 1981. However, the cost of the lines of the 1981 year

1981 will be approximately \$1,157,000.00. It is

therefore that the Commission's estimate of the cost of the lines

and the cost of the lines of the 1981 year is approximately

\$128,000.00 and the cost of the lines of the 1981 year is approximately

Distribution Act.

Section 100-10

The balance in the reserve for future cases is

October 1981, 1981, estimated at \$1,157,000.00.

The reserve for renewals has been provided through inclusion in the cost of power to the municipalities of an annual charge of 4% on the capital investment, together with interest at 4% per annum on the balance of the reserve account. During 1921, upon the advice of its engineers, the Commission reduced the annual renewal rate from 4% to 3% , while the interest rate of 4% remained unchanged.

P.W.
p.14.
& 15.

The accounts of the Commission were so adjusted that the rate of 3% was made effective from the inception of the system to October 31st, 1921, and this adjustment resulted in a reduction of \$17,709.88 in the renewal reserve and the cost of power to municipalities, during this period, was correspondingly reduced.

The annual rate of 3% was determined by a re-classification of the properties as reflected in the book accounts at October 31st, 1920, made by the engineering department of the Commission. The actual rate arrived at was 2.914%, while the rate of 3% was adopted as a matter of accounting convenience.

The engineering department of the Commission made an error in computing the 2.914% rate which should have been 2.998%, a difference of .084%. The Commission are now considering a further reduction in the renewal rate to give effect to the corrected computation, and should they adopt this policy it will have the effect of building up the reserve fund in the future at a much lower rate and of reducing the cost of power to the municipalities.

WJP
p.40

The revenue for renewals has been provided

through taxation in the rate of power to the municipalities at an annual charge of 4¢ on the capital investment, together with interest on 4¢ per annum on the balance of the revenue payment. Under 1931, after the expiry of the agreement, the municipalities reduced the annual renewal rate from 4¢ to 3¢, while the interest rate of 4¢ remained unchanged.

The amounts of the Commission were as follows:

That the rate of 4¢ was made effective from the inception of the system in October 1911, and this adjustment resulted in a reduction of 1¢, while in the renewal period the rate of power to municipalities, during this period, was correspondingly reduced.

The annual rate of 4¢ was determined by a 10-

classification of the properties as follows in the year 1911, as shown in October 1911, made by the engineering department of the Commission. The annual rate applied to the 1.5¢, while the rate of 4¢ was applied to a rate of 2¢, according to the following:

The following description of the properties made an error in computing the 1.5¢ rate which should have been 1.5¢, a difference of 0.5¢. The Commission has now considering a further reduction in the renewal rate to give effect to the corrected computation and should that effect this policy it will save the cities of 10¢ on the power bill in the future as a result of rate and of reducing the rate of power to the municipalities.

It is understood that it is the practice of the Commission to spend sufficient money on maintenance each year to keep the property of the system in a condition to operate in accordance with the requirements of economical production, which is considered to be about 75% as good as its original new condition. On the basis that only 25% of the total capital should be provided for through the renewal reserve, our Consulting Engineer points out that the present total accumulations of the reserve fund are somewhat larger than is necessary.

WJF.
p.41Sinking Fund

COPY

Under section 23(b) of the Power Commission Act, the Commission is required to provide "an annual sum sufficient to form in thirty years with interest at four per cent. per annum, a sinking fund for the repayment of the advances made by Ontario under this Act for the payment of the cost of the works", and under the second main paragraph of the same section "a municipal corporation which has entered into or shall hereafter enter into a contract with the Commission for a supply of power may be relieved by the Commission from payment of any sum on account of the sinking fund account for the first five years, during which payments are made to the Commission by the corporation, under such contract, and the amounts required from such corporation on sinking fund account shall be payable during the then next ensuing thirty years".

P.W.
p.17

one to maintain one of the same procedures as the

Completed in 1968, this building is a landmark in the history of the city.

There is only the possibility of the return of a revolution

aparte in accordance with the provisions of paragraph 11.

as they are for some of the members of the family, and others

It's original and sensitive. In the hands of only 10% of

Lawrence and University and Delivery of Alaska Native Interests

10-10-68

● 巧用网络 提高学习效率

COPIES

...and in the ...

— 1970 —

There is a very large number of people who are not registered in the census.

10-10-1964

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

[illegible]

— 1941. *Journal of the Royal Society of Medicine*, 34, 10, 1011-1012.

and Department of Justice into a contract with the Commission on

Supply of funds may be reduced if the Government's

It is important to realize that the success of the new system

1941-1942

... ..

Source: *Journal of the American Statistical Association*, 1997, 92, 1039-1052.

1. 1990

All municipalities on the St. Lawrence System were relieved from payment of sinking fund for a period of five years and from the dates that sinking fund collections were started to October 31st, 1921, the amounts provided and included as a part of the cost of power, together with interest are as follows:

Municipalities	\$10,532.37
Companies	4,479.54
Interest	<u>185.59</u>
Total	<u>\$15,197.50</u>

At October 31st, 1921, five of the ten municipalities on the system had been in operation more than five years and were paying sinking fund instalments.

The following sinking fund collections had been made in respect to rural lines up to the close of the fiscal year, 1921:

Brockville	\$190.56
Chesterville	<u>4.55</u>
	<u>\$195.11</u>

Reserve for Contingencies

The Commission established a reserve for contingencies to provide for losses not arising at regular intervals or not wholly applicable to the period in which they were incurred. The reserve is built up by:

P.W.
p.18

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(a) An annual charge of 25¢ per h.p. on average power supplied in any year to municipalities comprising the system, and to private companies except in 1920, when the rate was \$1.50 per h.p.

(b) Profit on sales of miscellaneous equipment.

(c) Interest at 4% per annum on the balance of the account.

At October 31st, 1921, the balance in the reserve account was \$3,372.65 and it is the opinion of our Consulting Engineer that the reserve account should be built up by increasing the annual allowance until the reserve reaches \$12,000.00 or \$15,000.00, when the rates can be readjusted to meet conditions which have been established by several further years of operation.

WJF.
p.43.

Accounts with Municipalities

Accounts with municipalities are classified by the Commission, in the main, as follows:

(a) Power Accounts Receivable.

(b) Due by or to municipalities in respect of the cost of power furnished them as determined under the Power Commission Act.

(a) Power Accounts Receivable

P.W.
p.20.

At October 31st, 1921, the balance of power accounts receivable amounted to \$49,295.61. These accounts represent unpaid balances in respect of interim power bills which are paid currently by the municipalities, and were all paid prior to September 20th, 1922, the date on which these accounts were examined by our auditors.

As stated above, the power plant is a hydro-electric power plant, and the power generated is sold to the public utility companies. The power plant is located in the State of New York, and the power generated is sold to the public utility companies in the State of New York.

(a)

Profile on sales of miscellaneous equipment.

(b)

Interest on the bonds of the company.

(c)

As stated above, the power plant is a hydro-electric power plant, and the power generated is sold to the public utility companies. The power plant is located in the State of New York, and the power generated is sold to the public utility companies in the State of New York. The power generated is sold to the public utility companies in the State of New York, and the power generated is sold to the public utility companies in the State of New York.

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Hydro-Electric Power Company

Commission in the State of New York

(a) Power Revenue Receivable

(b) Due by or to miscellaneous in respect of the sale of power generated from a hydro-electric power plant.

(c) Power Revenue Receivable

As stated above, the power plant is a hydro-electric power plant, and the power generated is sold to the public utility companies. The power plant is located in the State of New York, and the power generated is sold to the public utility companies in the State of New York. The power generated is sold to the public utility companies in the State of New York, and the power generated is sold to the public utility companies in the State of New York.

(b) Due by Municipalities
in Respect of the Cost of Power

At the close of each fiscal year, the interim power bills rendered monthly are adjusted to meet the operating costs of the system, as provided by the Power Commission Act.

It does not appear to be the practice of the municipalities to pay in cash these additional charges, but instead the Commission increases the interim rates in subsequent periods and thereby reduces the accumulated deficits of prior periods.

P.W.
p.20.

Regarding the payment of these deficits, section 23a of the Power Commission Act provides that:

"The Commission may from time to time during the first three years after any municipality shall first begin to take power from the Commission extend the time for payment of the sums payable by any municipality."

Some of the following balances extend back to the first year of operation and beyond the three year limit in which municipalities are allowed to accumulate amounts owing to the Commission in respect of the cost of power. At October 31st, 1921, three of the ten municipalities were in default in the payment of their power bills.

The following is a list of balances owing by the municipalities on the St. Lawrence System at October 31st, 1921:

(b) The Commission
is advised of the fact of their

As the case of each financial year, the income
of the Commission is not subject to any
specialty except at the request of the
Commission itself.

It does not appear to be the practice of the
Commission to pay in such cases additional charges,
but in some cases the Commission has been asked to
pay charges for the use of the Commission's
facilities of prior periods.

Under the Commission's policy, the
the of the Commission is provided that

"The Commission may from time to time during
the first three years after the Commission
shall have been established, the first year of the
Commission shall be the first year of the
Commission's first year of establishment."

There is no provision in the Commission's policy
that the Commission shall pay the first year of the
Commission's first year of establishment, which
shall be the first year of the Commission's
first year of establishment. The Commission is
not required to pay the first year of the
Commission's first year of establishment.

The Commission is a body of persons elected by the
Commissioners on the 1st January of each year.

1921

MunicipalityAmount

Alexandria	\$3,490.01
Apple Hill	590.46
Brockville	4,052.08
Chester ville	4,618.29
Lancaster	1,464.68
Martintown	895.91
Haxville	1,778.83
Prescott	565.73
Williamsburg	566.13
Winchester	1,405.67

\$10,835.74

CG&D
1921
Schedule
No. 49

Results of Operation

Power is supplied the municipalities on the St. Lawrence System at cost in accordance with the provisions of the Power Commission Act. The cost of such power includes:

Operating and maintenance expenses.

Interest on the moneys invested in the works of the system.

Provision for the renewal of the works.

Sinking fund on a thirty-year basis to repay the investment in the system.

Provision for contingencies.

The Commission also sells power to private companies at fixed rates. Any profit or loss incurred in connection therewith is applied against the municipalities on the system.

The following is an operating account for the four years ending October 31st, 1921, which shows the operating expenses and fixed charges together with the revenue obtained

from the various customers (cents omitted).

<u>Revenue</u>	<u>1918</u>	<u>1919</u>	<u>1920</u>	<u>1921</u>	
From municipalities	\$27,744	\$50,043	\$78,436	\$100,026	P.W.
From private companies	-	3,969	22,670	32,966	Ex.I
T o t a l	\$27,744	\$54,012	\$101,106	\$132,992	

Operating Expenses & Fixed
Charges

Operating & maintenance					
Costs	\$15,903	\$26,457	\$50,646	\$69,260	
Interest	6,831	14,701	24,528	31,760	
Provision for Renewals	6,831	13,571	21,537	20,941	
Provision for					
Sinking Fund	-	-	4,639	10,372	
Provision for					
Contingencies	179	397	3,185	659	
T o t a l	\$27,744	\$55,126	\$104,535	\$132,992	

Loss - transferred to
Contingency reserve

		\$1,114	\$3,167	-	
Total horse-power billed	717.3	1246.2	2123.7	2639.5	P.W.
Cost per H.P. billed	\$38.70	\$44.16	\$49.22	\$50.40	Ex.Ia
					WJP.
					p.47

The loss transferred to the contingency reserve represents losses sustained in furnishing power to private companies; the loss of \$1,413.00 for 1921 arising in this connection was charged direct to the municipalities.

The municipalities are billed with an interim rate which is intended to represent the approximate cost of the power supplied. At the end of each fiscal year the interim rate is adjusted to an actual cost basis and the municipalities

from the various companies (amounts omitted).

1961	1960	1959	1958	1957
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000

Operating Expenses - Other

Operating & maintenance	1961	1960	1959	1958	1957
Depreciation	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Interest	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Provision for bad debts	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Provision for income taxes	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Provision for other taxes	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Provision for other expenses	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Provision for other income	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Provision for other assets	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Provision for other liabilities	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Provision for other equity	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

Long - term assets

Long - term assets	1961	1960	1959	1958	1957
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000

The long - term assets in the statement represent the various assets owned by the company. These assets are classified as follows: 1. Land, 2. Buildings, 3. Equipment, 4. Other assets. The total amount of long - term assets is \$2,000,000. The assets are classified as follows: 1. Land, 2. Buildings, 3. Equipment, 4. Other assets. The total amount of long - term assets is \$2,000,000.

receive an additional charge representing the difference between the amounts paid by them and the actual cost of power supplied to them, or if the amounts paid by them during the year exceed the actual cost, they receive credit for such excess. The revenue shown in the aforementioned operating account includes the final charges or credits to the municipalities.

The interim rates failed in the aggregate to meet actual costs for the year 1918 to 1921 inclusive, in the following amounts:

1918	\$5,078.00
1919	4,964.00
1920	6,055.00
1921	<u>1,687.00</u>

Total \$17,784.00

P.W.
p.20

The operating results shown above are those in the published accounts of the Commission and are subject to an adjustment in respect of renewal charges. As shown on page 9 of this report the Commission made an adjustment of renewal charges in the amount of \$17,709.88, of which \$10,484.70 exclusive of interest is applicable to the years 1918-19-20, and has the effect of reducing the operating costs and fixed charges as shown by the aforementioned operating account and also the final costs per horse-power as follows:

	1918	1919	1920	1921
Operating Expenses and Fixed Charges per Operating Account	\$27,744	\$55,126	\$104,335	\$132,992
Less - Reduction in renewal charges	1,708	3,392	5,384	-
Adjusted Costs	\$26,036	\$51,734	\$99,151	\$132,992
Horse-Power Billed	717.3	1248.2	2123.7	2639.5
Cost per H.P. Billed as adjusted	\$36.29	\$41.45	\$46.69	\$50.40

The accounts of the municipalities have received credit for this adjustment.

From the operating account as adjusted, it will be noted that the cost per average horse-power billed increased from \$36.29 in 1918 to \$50.40 in 1921 or an increase of approximately 38 per cent. The following table giving the detailed cost per horse-power billed shows in what respects and to what extents the operating costs and fixed charges increased.

	1918	1919	1920	1921
Power purchased	\$9.15	\$12.16	\$15.88	\$17.59
Operating costs	.57	2.89	2.36	1.16
Maintenance	7.01	2.45	1.61	2.86
Overhead and general expense	2.65	3.74	3.99	4.83
Interest	9.52	11.79	11.56	12.04
Renewals on adjusted basis	7.14	8.17	7.63	7.94
Sinking fund	-	-	2.14	3.93
Contingencies	.25	.25	1.50	.25
Total	\$36.29	\$41.45	\$46.69	\$50.40

Prepared
by
W.H.E.

Power required on the St. Lawrence System is purchased from outside interests. The following table shows the horse-power purchased during the four years ending October 31st, 1921, and the sources from which the power was obtained:

	Horse-Power Purchased			
	1918	1919	1920	1921
M. F. Beach Company	524	272	-	-
Village of Morrisburg	17	22	19	3
Cedars Rapids Transmission Company	-	772	2250	3093
Total	541	1066	2249	3096

P.V.
p.12.

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The rates paid by the Commission for power purchased are:

M. F. Beach Company \$12.00 per horse-power plus
\$3.00 per month for rent of
ground for substation.

Village of Morrisburg \$14.00 per horse-power.

Cedars Rapids Transmission Company \$15.00 per horsepower.

The following is a table of the actual horse-power loads taken by the municipalities as compared with the estimated load upon which the Commission based its estimated cost for supplying power to the municipalities:

...on the ... system is ...
... The following table shows ...
... during the four years ending ...
... and the sources from which the ...

obtained:

Between-Periods			
1918	1919	1920	1921
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A. J. ...
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Municipality	Date power was First Taken	Yearly Minimum Load	Yearly Maximum Load	Average Yearly load to Oct. 31, 1921.	Estimated Load
		H.P.	H.P.	H.P.	H.P.
Alexandria	Jan. 1921	122.4 x	122.4 x	122.4 x	300
Apple Hill	Apr. 1921	10.8 x	10.8 x	10.8 x	No estimate
Brockville	Apr. 1915	297.5	1073.9	606.2	1000
Chesterville	Mar. 1914	40.1	150.9	96.9	50
Lancaster	May 1921	14.0 x	14.0 x	14.0 x	No estimate
Martintown	May 1921	7.8 x	7.8 x	7.8 x	No estimate
Maxville	Feb. 1921	28.8 x	28.8 x	28.8 x	200
Prescott	Dec. 1913	171.1	216.1	197.2	300 P.W.
Williamsburg	Apr. 1915	11.5	22.0	18.2	45 Ex.
Winchester	Jan. 1914	53.2	90.9	68.9	100 I

x - Municipalities not in operation full year. Load stated on basis of period of operation.

Not considering the municipalities in which loads were not estimated or municipalities which had not been in operation a full year at October 31st, 1921, the estimated load exceeded the actual yearly average load by approximately 46 per cent.

The following table shows the estimates as submitted to the municipalities on the St. Lawrence System by the Commission as compared with the actual cost of power supplied to them for the full year periods of operation:

Municipality	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	92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Municipality	Yearly Minimum Actual Cost per H.P.	Yearly Maximum Actual Cost per H.P.	Yearly Average Actual Cost per H.P.	Estimated Cost pre- pared by Hydro	Per cent of Actual Cost over es- timated Cost	
Alexandria	\$99.92 x	\$99.92 x	\$99.92 x	\$53.50	86	
Apple Hill	127.37 x	127.37 x	127.37 x	50.00	112	
Brockville	24.81	50.81	43.40	24.04	80	
Chesterville	48.87	83.08	67.62	35.00	93	
Lancaster	337.63 x	337.63 x	337.63 x	97.00	248	
Martintown	140.50 x	140.50 x	140.50 x	54.00	160	
Maxville	171.96 x	171.96 x	171.96 x	54.35	216	
Prescott	18.06	50.43	32.26	24.84	31	P.W.
Williamsburg	29.75	117.49	53.39	26.00	105	Ex.
Winchester	35.16	73.41	57.86	24.00	141	I.

x - Municipalities in operation less than full year. Rates per horse-power stated on annual basis.

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The actual cost of power as shown above has exceeded the estimated cost in all of the municipalities. Disregarding municipalities which at October 31st, 1921, had not been in operation a full year, this excess ranged from 31 per cent. to 141 per cent. above the estimated cost as submitted by the Commission.

During 1921, the Commission began supplying power to Alexandria, Apple Hill, Lancaster, Martintown and Maxville, and during the broken period ending October 31st, 1921, the cost of power to these municipalities resulted in rates ranging from 86% to 248% in excess of the estimated cost of such power as supplied by the Commission. These excessive rates are due largely to the small quantities of power taken as compared

with the respective capital investments upon which the municipalities have to carry fixed charges.

The case of Lancaster with a rate of \$337.63 per horse-power may be used as an illustration. The power furnished this municipality is obtained from a substation at Martintown at the same rate as is charged Martintown to which is added the entire cost of transmitting the power from Martintown to Lancaster, a distance of twelve or thirteen miles. The investment in the transmission line from Martintown to Lancaster at October 31st, 1921, amounted to approximately \$32,000.00 and on a basis of the cost plan, the fixed charges to be paid by Lancaster amounted to \$208.15 per horse-power of the electrical energy taken as this line served no other customers.

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The following shows the proportion of operating expenses and fixed charges entering into the total cost per horse-power supplied the aforementioned municipalities:

<u>Municipalities</u>	<u>Operating Expenses per H.P.</u>	<u>Fixed Charges per H.P.</u>	<u>Total</u>
Alexandria	\$44.75	\$55.17	\$99.92
Apple Hill	80.98	46.37	127.35
Lancaster	129.48	208.15	337.63
Martintown	97.57	42.97	140.54
Maxville	79.54	92.42	171.96

The Commission is now supplying power to three companies on the St. Lawrence System at the following rates:

with the respective capital expenditures which are
 maintained have to be made.

The case of investment with a rate of 8.5%
 but some-time may be made as an illustration. The power
 produced will be estimated to be 100,000 kwh. per year
 at a rate of 8.5% per year. The cost of investment is
 \$100,000. The cost of operation is \$10,000. The cost of
 maintenance is \$5,000. The cost of depreciation is
 \$15,000. The cost of interest is \$8,500. The cost of
 taxes is \$2,500. The cost of insurance is \$1,000. The
 cost of other expenses is \$1,000. The total cost is
 \$152,500. The revenue is \$100,000. The net cost is
 \$52,500. The net cost is 52.5% of the investment.
 other expenses.

The following shows the proposed of operation
 expenses and fixed charges relating to the total cost per
 kilowatt-hour supplied by the steam-powered municipal plant:

Municipalities	Operating Expenses		Fixed Charges
	Per K.W.H.	Per K.W.H.	
Albuquerque	\$0.0475	\$0.0317	\$0.0792
Alto Hill	\$0.0475	\$0.0317	\$0.0792
Lawrence	\$0.0475	\$0.0317	\$0.0792
Wichita	\$0.0475	\$0.0317	\$0.0792
Wichita	\$0.0475	\$0.0317	\$0.0792

The Commission is now studying power in Kansas
 especially on the St. Lawrence system at the following rates:

<u>Company</u>	<u>Rate per H.P.</u>	
Howard Smith Paper Mills, Limited, (Rates vary depending on quantity of power taken)	\$27.13	H.E.P.O. Drewry.
Glengarry Pulp Company (Successors to the Cornwall Pulp & Paper Company against which the Commission has an unsecured claim for \$46,836.96)	\$26.00	
Eugene F. Phillips Electrical Works, Limited,	\$35.00	

The Glengarry Pulp Company and the Eugene F. Phillips Electrical Works, Limited, began taking power from the Commission during the present fiscal year while the Howard Smith Paper Mills, Limited, first received power during the fiscal year 1919. Up to October 31st, 1921, the Commission incurred a loss of \$5,694.00 in supplying power to the Howard Smith Paper Mills, Limited, of which \$4,281.00 was charged to the contingency reserve and the balance of \$1,413.00 was charged to the municipalities on the system.

The following shows the revenue arising from power supplied private companies with the operating expenses and fixed charges applicable thereto:

	<u>1919</u>	<u>1920</u>	<u>1921</u>
Revenue	\$3,969	\$22,879	\$32,966
Operating cost including			
Power Purchased	\$2,715	\$14,010	\$20,827
Fixed Charges	2,368	12,027	13,552
	<u>\$5,083</u>	<u>\$26,037</u>	<u>\$34,379</u>
Loss	<u>\$1,114</u>	<u>\$3,167</u>	<u>\$1,413</u>

P.W.
p.8.

Balance Sheet

Assets

\$57.18

Assets under management
(Assets under management as
per statement of assets)

\$50.00

Assets under management
(Assets under management as
per statement of assets)
Total Assets

\$50.00

Assets under management
(Assets under management as
per statement of assets)

The following table shows the assets and liabilities of the company as at the end of the year 1934. The assets are shown in the left column and the liabilities in the right column. The total assets are \$57.18 and the total liabilities are \$50.00. The difference between the two is \$7.18, which represents the surplus of the company.

The following table shows the assets and liabilities of the company as at the end of the year 1934.

Assets		Liabilities	
Fixed Assets	\$57.18	Fixed Liabilities	\$50.00
Current Assets	\$50.00	Current Liabilities	\$50.00
Total Assets	\$107.18	Total Liabilities	\$100.00
Surplus	\$7.18		

In accordance with the terms of an agreement dated May 26th, 1921, signed by the officers of the Cornwall Pulp & Paper Company, Limited, but not executed by the Commission, the Commission agreed to hold in reserve 2,000 horse-power of electrical energy for the company.

The company agreed to pay \$25.00 per horse-power for said electrical energy or to pay as a minimum charge for 75 per cent. of the electrical energy held in reserve. The company also agreed to deposit a \$10,000.00 bond with the Commission as security for any losses that the Commission might sustain in supplying such power.

The Commission began supplying power to the company on May 26th, 1921, but the bond was not deposited by the company and subsequently the company went into liquidation. Mr. Clarkson comments on the matter as follows in his 1921 audit report:

"Between May 26th and October 31st, 1921, the system furnished on an average approximately 1690 horse-power to the Cornwall Pulp & Paper Company, Limited. After such power had been supplied and when \$1,000.00 had been received in part payment for it, the company became financially embarrassed and there would as at present appear to be little if any prospect of the Commission realizing the balance due to it as of date October 31st, 1921, of \$17,621.87. The cost of such power was accordingly included in the cost of operation of the system payable by the municipalities, while no credit as revenue was taken for \$17,621.87 owing by the Cornwall Pulp & Paper Company, Limited."

In an affidavit dated August 23rd, 1922, the Commission filed a claim with the liquidator in the amount of \$46,838.98 which sum included the \$17,621.87 previously

referred to together with the minimum monthly charges and interest to July 31st, 1922.

The engineers of the Commission have prepared an estimate of the costs which the Commission incurred in supplying power to the Cornwall Pulp & Paper Company during the aforementioned period. This estimate is in the amount of \$10,000.00, and applying against this expense, the Commission collected from the company \$1,500.00 leaving the Commission's actual loss at approximately \$8,500.00.

Upon inquiry the Secretary of the Commission expressed the opinion that inasmuch as the Commission was an unsecured creditor there was little, if any, prospect of realizing this claim. It would appear that, had the Commission executed the agreement before power was supplied to this company and demanded the \$10,000.00 bond as set forth in the contract, no actual loss would have resulted in this connection.

POWER DATA

Population Served

The district served by the St. Lawrence System is both urban and rural, the bulk of the load being in the various municipalities, most of which are quite small, Brockville with about 9,000 population being the only place having more than 5,000 people. Cornwall is not a partner in the St. Lawrence System.

reference is together with the witness monthly reports
and interest to July 25th, 1922.

The earnings of the Commission have been
an estimate of the costs which the Commission incurred in
supplying power to the Cornwall Twp. & Upper Canada
during the aforementioned period. This estimate is in the
amount of \$12,500.00, and applied against the amount, the
deduction collected from the amount \$1,000.00 leaving the
Commission's actual loss at approximately \$11,500.00.

Upon inquiry the necessity of the Commission was
presented the opinion that inasmuch as the Commission was an
unincorporated body it was liable, in any, payment or
reimbursement of this claim. It would appear that the Com-
mission executed the agreement before power was supplied
to this company and demanded the \$10,000.00 bond as set
forth in the contract, no actual loss would have resulted
in this connection.

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W. H. H. H.

The electric power is the 40. ampere system in
both cases and there is the fact of the loss being in the
various municipalities, most of which are quite small.
Inasmuch as the amount \$1,000.00 was paid for the only place
having more than 1,000 people. Cornwall is not a partner in
the 40. ampere system.

W. H. H. H.

"Municipal Statistics" of the Province of Ontario for 1921 gives a total population of about 65,000 for those portions of the Counties of Glengarry, Stormont, Dundas, Grenville and Leeds, which are tributary to the St. Lawrence System. Deducting from this, 10,000 persons in towns now served by other power systems, there remains a tributary population of about 75,000 as at October 31st, 1921. At that date the total population in the ten municipalities served by the system was about 18,500 persons, with about 3,800 consumers. As the larger centres are already supplied, the greater part of the remainder of the tributary population can only be supplied by a fairly extensive system of rural lines. Excluding the Howard Smith Paper Mills, Limited, the ten municipalities now served were billed with about 1,675 horse-power in 1921, or about 2,640 horse-power including this consumer. In 1922, the total power billed, including the individual consumers, was almost 4,000 horse-power. In 1923, the billed power will probably increase by 1,500 horse-power or more, made up largely of the load of the Eugena F. Phillips Electrical Works, Limited, at Brockville. This company, it is understood, commenced to take power about November, 1922, and the contract contemplates that they will take power up to about 2,500 horse-power, with a probable minimum of 1,000 or 1,100 horse-power. The normal growth of the system will doubtless account for several hundred horse-power in addition.

The Cornwall Pulp and Paper Company, which was connected in 1921, and which was to have taken from 1,000 to 2,000 horse-power, went into liquidation, and the power taken by this consumer was not included in the figures for the above-mentioned loads.

Market Statistics

On page 18 of our Consulting Engineer's report is shown a table of market statistics for the year 1921. This table gives in detail the number of consumers in the places served by the Commission, the approximate horse-power billed to each place, the kilowatt-hours supplied to the system, and the average horse-power per consumer.

Growth of Market and Ultimate Sources of Power Supply

Since the commencement of power supply in 1913 and 1914 up to the end of 1918, the actual amount of power used on the system was less than 600 horse-power. Since the end of 1918, the growth of the load has been remarkably rapid, the maximum peak for 1919 was 1,600 horse-power; for 1920, 2,450 horse-power; for 1921, 4,800 horse-power; and for 1922, 4,908 horse-power. The 1922 load does not include the Phillips Company's load at Brockville as the figures are given for the fiscal year ending October 31st, and that consumer had not then taken power. The reason for the sharp increase in load in 1921 is largely due to the additional municipalities served.

WJP.
p.18

The Journal of the Royal Society, which was
 published in 1911, and which was the first
 in the series, was the first of a series
 of four volumes which were published in the years 1911
 to 1914. The first volume was the first of a series
 of four volumes which were published in the years 1911
 to 1914.

Journal of the Royal Society

The first volume of the Journal of the Royal Society
 was published in 1911, and was the first of a series
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 to 1914. The first volume was the first of a series
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 to 1914.

Journal of the Royal Society of London

The first volume of the Journal of the Royal Society
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 of four volumes which were published in the years 1911
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 to 1914.

As already pointed out, the addition of the Phillips Company's load for 1923 may add from 1,000 to 2,000 horse-power to the total demands, and with the normal growth of service in the district the peak demand for 1923 may possibly be 7,000 horse-power.

The problem of serving rural customers is difficult, the average number of consumers per mile of transmission line being small. The experience of the Commission up to the present time indicates that only three or four consumers per mile on the average are obtainable.

It will be noted from the table of market statistics that the percentage of consumers to population served at the end of 1921 was about 20.5.

The situation at the present time is that the St. Lawrence System has a large excess of available power at its main Cornwall transformer station, and that there are many places in the district which do not yet receive power from the Commission. In certain centres the people are apparently quite satisfied to continue under their present private arrangements, and in some of the places already mentioned it will apparently be difficult for the St. Lawrence System to obtain these municipalities as partners.

The question of ultimate use of power on the system, and of the future ultimate source of power supply for the whole of the population, is one which depends partly on the relations of the local private companies and the municipalities to the Commission. From the table of miscellaneous power plants in the

WJP.
p.19

St. Lawrence System territory, shown on page 12 of our Consulting Engineer's report, and from the fact that large new power developments are contemplated within commercial transmission distance, it is evident that a comparatively large capacity in private power plants could be made available to serve the district in competition with the Commission. Some dissatisfaction has been privately and publicly expressed with the Commission in the district, and there is apparently a widespread feeling of sympathy in the district for the continuation of private ownership and fixed rates. The M. F. Beach Company, for example, has made certain definite offers to supply power to certain places at fixed prices over a term of years. If the stated future capacity of this company be realized it will doubtless be sufficient to supply a large mileage of rural lines and serve a large population with power, possibly paralleling the lines of the Commission in several places. From the viewpoint of the rural consumer the question of who supplies the power is not nearly so important as the total cost of the service. Arguments have been advanced by some of the rural inhabitants that the Ontario Government should give the same assistance to the Beach Company's rural lines as would be done for the rural lines of the Commission, especially as this company is said to be prepared to make satisfactory contracts at fixed rates for the rural areas contemplated. Some solution of the problem, for example, co-operation, should be found whereby unnecessary

WJF.
p.20.

duplication of transmission systems may be avoided, and at the same time permit those who wish to receive power from sources not now controlled by the Commission to do so under terms satisfactory to the consumer and to the supplying company. The purchase of power from the Beach plant at Iroquois by the Commission might be considered and the taking over and extending of the rural system now owned by the Beach Company, paying a fair price for the power supplied from the Beach plant and distributing it in the usual way to the rural consumers. An objection to this from the viewpoint of the Commission would probably be that they now have a substation near Cornwall of ample capacity for the whole system, and that they have rural lines under construction, or contemplated, to serve the whole system. Even with the help of the Provincial Government grant of one-half the capital cost of the primary rural transmission lines, the problem of serving rural customers satisfactorily is very difficult of solution and is complicated in this section of the Province owing to the presence of competitive privately-owned systems. An alternative solution might be the purchase of the Beach interests as a whole.

The ultimate source of power supply for the St. Lawrence System when all the available local plants will have been used to full capacity, or else discarded, is undoubtedly transmitted power either from the Cedars Rapids plant or from other large plants contemplated at Carillon, Chate Falls and

application of transmission systems may be avoided, and at the same time provide for the use of reactive power from sources and are controlled by the transmission system as a whole. Some difficulty in the system and in the equipment. The question of power from the local plant is provided by the transmission system as a whole and the feeding over and extending of the transmission system may be the local supply, being a local plant for the power supplied from the local plant and distribution it is the local supply. The local company, an objection to this from the view-point of the local company would probably be that they now have a centralized system, and it might be difficult for the whole system, and that they have local lines under construction, or centralized, to serve the whole system. Even with the help of the Federal Government Grant of one-half the initial cost of the primary transmission lines, the problem of serving local companies satisfactorily is very difficult to solution and is complicated in this respect of the problem. Owing to the presence of competitive privately-owned systems, an alternative solution might be the purchase of the local interest as a whole.

The ultimate source of power supply for the local transmission system and all the possible local plants will have been used in this respect, or also distributed, is satisfactorily transmitted power either from the local local plant or from other large plants concentrated at different times and

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Bryson on the Ottawa River, or at the Chelsea and the Pagan sites on the Gatineau River, where large amounts of power aggregating several hundred thousand horse-power can be made available. The proposed development of the St. Lawrence River power would doubtless provide all the power necessary for the St. Lawrence System for all time to come, but these developments are not likely to be completed for many years.

WJF.
p.21

If the Rideau System and the Ottawa System be extended southwards and eastwards, and the St. Lawrence System be extended northwards, it is possible that in the future inter-connecting lines may be constructed so that any of these systems might receive power either from the water powers on the St. Lawrence River or from the Ottawa and Gatineau Rivers.

The present indications are that the actual total amount of power used on the St. Lawrence System will not reach the present capacity of the transforming station near Cornwall for many years to come.

WJF.
p.22.WJF.
p.22.

Horse-Power Developed,
Consumed, Billed, etc.

On page 26 of our Consulting Engineer's report is shown a table of horse-power developed, consumed, billed, etc., for the years 1918 to 1922 inclusive.

Power Situation

In considering extensions for the St. Lawrence System, consideration should be given to the question of

System on the Eastern River, or at the bridge and the station
also on the Eastern River, where large amounts of power
are required several small plants are being developed and in some
available. The proposed development of the St. Lawrence
River power would definitely provide all the power necessary
for the St. Lawrence system for all time to come, but these
developments are not likely to be completed for many years.
If the Niagara system and the St. Lawrence system are de-
veloped separately and independently, and the St. Lawrence system
is extended northward, it is possible that in the future
inter-connecting lines may be constructed so that any of these
systems might be able to draw power from the other systems in the
St. Lawrence River or from the Ottawa and Saginaw Rivers.
The present indications are that the system now
known as power used on the St. Lawrence River will not
reach the present capacity of the generating station now
operating for many years to come.
On page 20 of our Consulting Engineer's report
is shown a table of power-power developed, estimated, future,
etc., for the years 1910 to 1922 inclusive.

Power Situation

In summarizing extension for the St. Lawrence
system, consideration should be given to the present of

W.H.
P.22

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P.22

W.H.
P.22

utilizing local sources of power and direct routes of transmission lines from these sources where such are available. The proposals of the Beach Company are an example of the possibilities in this connection.

WJF.
p.53

The market for power is divided in the district as between the Commission and other interests. The total population served at the present time is only about one-quarter that of the district. The percentage of consumers to population now served is about 20 per cent., which compares fairly well with similar ratios in other districts. The use of electricity per ordinary consumer is apparently less in this district than in many others. The recent growth in load indicates that the demands are growing and it is likely that a considerable increase will take place in the power demand of the district. The ultimate demand of the whole system can probably be always well covered by transmitted power either from the St. Lawrence River or the Ottawa River or the Gatineau River.

WJF.
p.53

Some method of satisfactorily utilizing the available individual power plants in the district might be considered where these are not required for private use or by municipalities not now served by the Commission.

WJF.
p.53

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utilizing local sources of power and direct access to water-
mains lines from these sources with one exception:
The proposals of the Beach Company are an example of the
possibility in this connection.
The market for power is divided in the district
as between the Commission and other interests. The total
population covered by the present plan is only about one-
quarter that of the district. The percentages of customers
to population now covered is about 10 per cent, which con-
firms fairly well with similar ratios in other districts. The
cost of obtaining low voltage service is approximately 100%
in this district and in other areas. The present power in
fact indicates that the demands are growing and it is likely
that a considerable increase will take place in the power
demand of the district. The district demand of the water
system and possibly in electric will be met by transmission
power drawn from the St. Lawrence River or the Ottawa River
or the Georgian River.
Some method of electrically utilizing the avail-
able individual power plants in the district seems to be
desirable since there are no existing facilities and it is
undesirable to add capacity to the transmission.

GENERAL RELATIONSRelations with Cornwall

At the public hearing held on December 1st, 1922, certain criticisms were made by representatives of the town of Cornwall with regard to the relations between the town and the Commission. It was suggested that the Commission used its position to force the Eugene F. Phillips Electrical Works, Limited, to locate in Brockville instead of in the township of Cornwall because the town of Cornwall had decided to continue taking power from a private company. Ev. 1006 1741

The gas works and electric distribution system in the town were owned and operated by the Stormont Electric Light and Power Company, Limited, a company controlled by the Sun Life Insurance Company. Ev. 1705

In or about the year 1912, when the franchise with the Stormont Company was about to expire, the Mayor asked the Commission to investigate the power situation and to furnish information as to whether or not the Commission would be in a position to supply Cornwall with power. Following this investigation, the Commission stated that they were not in a position to supply the power and suggested that other arrangements be made. The town then extended the company's franchise for a period of ten years. About two years ago the company appealed to Cornwall for an extension of their franchise, which had approximately two years to run, and agreed to make certain improvements provided the franchise was renewed. On Ev. 1642

CONFIDENTIAL

MEMORANDUM FOR THE SECRETARY

1. The purpose of this memorandum is to provide information regarding the activities of the [redacted] in the [redacted] area. This information was obtained from a confidential source who has provided reliable information in the past.

2. The [redacted] has been active in the [redacted] area since [redacted]. It has been observed that the [redacted] has been involved in a variety of activities, including [redacted].

3. The [redacted] has been observed to be involved in a variety of activities, including [redacted]. It has been observed that the [redacted] has been involved in a variety of activities, including [redacted].

4. The [redacted] has been observed to be involved in a variety of activities, including [redacted]. It has been observed that the [redacted] has been involved in a variety of activities, including [redacted].

5. The [redacted] has been observed to be involved in a variety of activities, including [redacted]. It has been observed that the [redacted] has been involved in a variety of activities, including [redacted].

COPY

6. The [redacted] has been observed to be involved in a variety of activities, including [redacted]. It has been observed that the [redacted] has been involved in a variety of activities, including [redacted].

7. The [redacted] has been observed to be involved in a variety of activities, including [redacted]. It has been observed that the [redacted] has been involved in a variety of activities, including [redacted].

8. The [redacted] has been observed to be involved in a variety of activities, including [redacted]. It has been observed that the [redacted] has been involved in a variety of activities, including [redacted].

9. The [redacted] has been observed to be involved in a variety of activities, including [redacted]. It has been observed that the [redacted] has been involved in a variety of activities, including [redacted].

10. The [redacted] has been observed to be involved in a variety of activities, including [redacted]. It has been observed that the [redacted] has been involved in a variety of activities, including [redacted].

February 7th, 1921, a letter was written by Mayor Chisholm to the Commission asking for definite information with regard to the power situation in the Cornwall district and pursuant to this Mr. A. T. Jeffrey of the Commission visited Cornwall and met the Mayor together with the Council and members of the Chamber of Commerce. At this meeting Mr. Jeffrey explained that the Commission had electric energy for sale to the district, as arrangements had been made with the Cedars Rapids Transmission Company for the supply of power up to 10,000 horse-power, and that any arrangement made for power in the district would of necessity be under the Power Commission Act and would have to be handled direct by the Commission. He further stated that as the Commission had no contract with the municipality of Cornwall, the Commission would be unable to deal through the municipality in supplying power to any company wishing to obtain it.

Ev.
1643Ev.
1646

On March 18th, 1921, the Eugene F. Phillips Electrical Works, Limited, wrote the Commission asking for a draft contract showing basis for supply of power at Brockville F. and Cornwall.

p.1.
215b

On April 8th, 1921, the Commission wrote the company, advising that the following rates for power would be chargeable at the two towns as follows:

	<u>Cornwall</u>	<u>Brockville</u>	
1100 horse-power to 2500 horse-power	\$27.00	\$38.00	Ev.
Over 2500 horse-power	26.00	31.00	1649

CONFIDENTIAL

ON BEHALF OF THE UNITED STATES OF AMERICA
BY _____, Attorney General
VS.
THE UNITED STATES OF AMERICA
BY _____, Attorney General
VS.
THE UNITED STATES OF AMERICA
BY _____, Attorney General

On April 21st, 1944, the Commission held the following meeting:

over 1000 new cases
100.00
100.00
100.00

In addition to quoting rates, the letter detailed the conditions under which the power would be supplied, one condition being that the company would be required to supply a bond in the case of delivery of power in Cornwall. F. 213b p.3.

It will be noted that at that time no bond was required if the company located in Brockville, the reason for this was stated by Mr. Jeffrey to be that with the company locating in Brockville the contract for power would be between the Commission and the municipality and any arrears could accordingly be collected from the municipality. Ev. 1650

At this time Brockville was paying \$55.00 per horsepower, but Mr. Jeffrey stated that the increased load taken by the Phillips Company would cause Brockville's power cost to drop very materially. Ev. 1652

In July 1921, a by-law was submitted providing an extension of the franchise of the local utility companies controlled by the Sun Life Insurance Company. Representatives of the Commission, Sir Adam Beck, Mr. Gaby, Mr. Hannigan, Mr. Drewry and others, visited Cornwall and addressed meetings, during the campaign prior to voting on the by-law. The expenses incurred by the Commission amounted to \$1,687.48 of which \$803.14 were expenses of the Ontario Municipal Electric Association. The by-law extending the franchise carried. F. 107. Ev. 1670.

On August 20th, 1921, the Commission received a letter from the Phillips Company asking for a proposal for power supply "just outside of the eastern limits of the town" of Cornwall. This letter was acknowledged and a further F. 213b p.12. Ev. 1672

in addition to the following: The latter detailed

the conditions under which the power would be supplied, and

conditioned upon the company would be required to supply

a bond in the sum of \$100,000 in cash or property.

It will be noted that at that time no bond was re-

quired by the company, located in Kentucky, the terms of

which was stated by Mr. Tolson to be that the company

located in Kentucky the contract for power would be subject

to the Commission and the Secretary and the Secretary would

be required to be satisfied with the company.

At this time Kentucky was paying \$100,000 per annum

to the U. S. Government and the Government was paying \$100,000

to the U. S. Government and the Government was paying \$100,000

to the U. S. Government.

In July 1911, a bill was introduced providing for

extension of the term of the local utility companies

operated by the U. S. Government. The bill was introduced

at the time when the U. S. Government was paying \$100,000

to the U. S. Government and the Government was paying \$100,000

to the U. S. Government and the Government was paying \$100,000

to the U. S. Government and the Government was paying \$100,000

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to the U. S. Government and the Government was paying \$100,000

to the U. S. Government and the Government was paying \$100,000

letter, dated September 22nd, was written to the Phillips Company in which the estimated rates for power at Cornwall were increased as compared with the rates quoted by the Commission on April 8th, 1921. The new rates for Cornwall were as follows:

1100 Horse-power to 2500 Horse-power	\$33.00	Ev.
Over 2500 Horse-power	29.00	1682

An existing contract with the Howard Smith Paper Mills, Limited, called for the supply of power by the Commission at the rate of \$27.13 per horse-power for a load of over 1500 horse-power, and an unexecuted contract with the Cornwall Pulp and Paper Company for the supply of power at \$25.00 per horse-power for a load of 2000 horse-power.

When asked why the revision of estimated rates had resulted in increasing them, Mr. Jeffrey on behalf of the Commission stated that the whole situation had changed since the first estimate had been submitted. When asked in what respect he replied,-

"The municipality had extended the franchise of the company (Stormont Electric Light and Power Company, Limited), and had definitely decided that they would not sign the contract."

Ev.
1679

He further stated that the change was also due to

"... the revision of our cost on a ten year basis instead of a thirty, and also on the basis of representations made to the Commission by the Brockville delegation that came to the office and protested that it was unfair to their municipality who had assumed all the obligations in connection with the system that a municipality not having a contract nor assuming any of its obligations should be treated on the same basis."

Ev.
1681

Mr. Jeffrey also stated that, before the letter was sent to the Phillips Company quoting an increased rate in Cornwall, there was a verbal understanding between the Brockville Board of Trade and the company that the latter would locate in Brockville. Mr. Johnston of Brockville gave evidence to the same effect.

Ev.
1761

The Phillips Company decided to locate in Brockville, and the town requested the Commission to make the necessary arrangements on their behalf. This being done the Commission obtained a bond from the company to cover any losses that might accrue and made the necessary alterations to permit the increased power load being delivered to the company, including changes in the lines, extensions, transformer stations, etc., amounting to \$115,000.00 or \$120,000.00.

Ev.
1656

It may be asked why the town of Cornwall did not deal directly with the Cedars Rapids Transmission Company instead of with the Commission. The reason for this was explained by Mr. G. A. Stiles as follows:

"When this gentleman (Mr. Jeffrey) was here on February 22nd, 1921, he told us at the Town Hall that nobody could get any power in this district except from them (the Commission), that they had an absolute contract with the people who run this power line through this district by which they were to take care of any increase of power in this district..... So that we were utterly helpless and tied hand and foot, and must deal with them whether we liked it or not."

Ev.
1674

Mr. Jostrey also stated that, before the report

was sent to the Intelligence Community, a review was

conducted. There was a verbal understanding between the

staff heads of State and the agency that the latter would

submit to the President, Mr. Jostrey of the Intelligence

in the same manner.

The Intelligence Community decided to submit its

views, and the staff requested the President to read the

report. The President's response was that he would read the

report and submit a note to the agency to cover up

the report. The report was then submitted to the

President and the President's response was that he would

submit the report to the President, and the President

submitted the report to the President, and the President

submitted the report.

It was also stated that the staff of the President

had decided with the staff of the Intelligence Community

to submit the report to the President, and the President

submitted the report to the President.

When this question (Mr. Jostrey) was asked by
the staff of the President, the staff of the
President's office was asked to submit the report
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President. The staff of the President's office
was asked to submit the report to the President.

This belief was strengthened by a letter from Mr. F. A. Gaby, Chief Engineer of the Commission, dated February 24th, 1921, and addressed to Mr. John A. Chisholm, Mayor of Cornwall, confirming Mr. Jeffrey's statement that the Commission would take charge of all increases in power in the district and that the company would not compete with the Commission. The letter is as follows:

Ev.
1675

"John A. Chisholm, Mayor of Cornwall.

Dear Sir:-

On the return of Mr. Jeffrey to the office, I am informed by him that you are anxious to know the understanding between the Commission and the Cedars Rapids Company with regard to the supply of power to your municipality and the district adjoining. I wish to confirm Mr. Jeffrey's statement that there is an understanding between the Commission and the Cedars Rapids Company to the effect that the Commission will take charge of all increases for power in this district including your municipality, and that the company will in turn not compete with the Commission.

(Signed) F. A. Gaby.

Chief Engineer."

Mr. H. C. F. Poste, Manager of the St. Lawrence Power Company, a subsidiary of the Cedars Rapids Transmission Company, stated that in 1921 he accompanied a deputation from Cornwall which interviewed the Cedars Rapids Transmission

John A. O'Sullivan, Mayor of New Orleans, the Commission. The latter is as follows:

一、二、三、四、五、六、七、八、九、十、十一、十二、十三、十四、十五、十六、十七、十八、十九、二十、二十一、二十二、二十三、二十四、二十五、二十六、二十七、二十八、二十九、三十、三十一、三十二、三十三、三十四、三十五、三十六、三十七、三十八、三十九、四十、四十一、四十二、四十三、四十四、四十五、四十六、四十七、四十八、四十九、五十、五十一、五十二、五十三、五十四、五十五、五十六、五十七、五十八、五十九、六十、六十一、六十二、六十三、六十四、六十五、六十六、六十七、六十八、六十九、七十、七十一、七十二、七十三、七十四、七十五、七十六、七十七、七十八、七十九、八十、八十一、八十二、八十三、八十四、八十五、八十六、八十七、八十八、八十九、九十、九十一、九十二、九十三、九十四、九十五、九十六、九十七、九十八、九十九、一百。

[illegible][illegible]

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Mr. E. J. Boss, Manager of the St. Lawrence
Paper Company, a subsidiary of the United States
Company, advised that in 1911 he was employed as
Secretary of the United States Paper Company.

Company, and that they were told by the President of the company

" . . . that they (the company) did not know of any contract between the Hydro or the Cedars Rapids Company whereby the Cedars Rapids would not supply power."

Mr. Poste stated:-

"The president said that if the Town of Cornwall needed power and could not get it any other way, the Cedars Rapids Transmission Company would furnish it for them."

Ev.
1786

It was stated by Mr. Stiles that during interviews with the Cedars Rapids Transmission Company assurances had been given from time to time that power would be provided by the company for industries in Cornwall.

Ev.
1700

When questioned at the hearing as to the contract between the Commission and the company, Mr. Jeffrey said:

"My understanding is that there was not even a letter, just a verbal understanding with the company."

Ev.
1677

At the public hearing, Mr. Gaby was asked if he had satisfied himself as to whether or not there was a written agreement, and his reply was that "letters are being looked up by the staff . . . to see what they can get". To date no further information has been received from the Commission in connection with the matter.

Ev.
2265

While a number of witnesses at the public hearing expressed decided opinions to the effect that the Commission

...and that they were told by the President of the

company

"...that they (the company) did not know of
any contract between the Hydro-Electric
Light Commission and the Hydro-Electric
Company."

...the company

"The President said that he did not know of
any contract between the Hydro-Electric
Light Commission and the Hydro-Electric
Company."

20.
1902

It was stated by Mr. Jones that during interview

with the Hydro-Electric Light Commission

had given them the impression that power would be provided by

21.
1902

the company the Hydro-Electric Light Commission.

It was stated by Mr. Jones that during interview

with the Hydro-Electric Light Commission

"The President said that he did not know of
any contract between the Hydro-Electric
Light Commission and the Hydro-Electric
Company."

22.
1902

At the public hearing, Mr. Jones was asked if he

had recalled himself as to whether or not there was a

written agreement, and his reply was that "I cannot say for

certain, but I am sure that there was no written

23.
1902

agreement between the Hydro-Electric Light Commission and the

Hydro-Electric Company."

While a number of witnesses at the public hearing

expressed various opinions as to the effect of the Hydro-Electric

discriminated against Cornwall by increasing the rates quoted for power to the Eugene F. Phillips Electrical Works, Limited, following the decision of the town to continue private ownership, it should be pointed out that the Eugene F. Phillips Electrical Works, Limited, through its managing director, wrote the following letter to the Chairman of this Commission:

"In connection with the inquiry being held in Cornwall tomorrow, I may say it was suggested by Mr. R. A. Ross, one of the members of your Commission, that we should have a representative at the meeting to explain the reason of our selecting Brockville in preference to Cornwall for the establishment of a factory.

After having a number of prospective sites reported on in the Provinces of Quebec and Ontario, we decided that the most suitable one for our purposes was a very desirable site held by the Sun Life Company just east of the town limits of Cornwall.

Previous to this we had inspected a site located at the north end of the town of Brockville, which was not at all suitable for our requirements.

About the time that we were making the final decision in favor of Cornwall, we were approached by officials of Brockville to know whether it was too late for them to offer a counter-proposition, as they claimed they had a most desirable property on the western limits of their town which could be obtained for approximately the same price as that asked by the Sun Life Company.

I personally inspected the site in question and found that while the property was not as large as the Cornwall property, it had many added attractions - among which I may mention the fact that the town were prepared to bring their sewerage system into the property and give us fire protection, both of which we would have had to provide at Cornwall.

There were only two questions left, viz: railway facilities and the cost of power.

Administrative and financial records of the company are being
for power to the Board of Directors, Limited.
Following the decision of the Board to continue private ownership
ship, it should be pointed out that the Board of Directors
Administrative and Financial, Limited, through its managing director,
states the following letter to the Chairman of this Commission:

"In connection with the inquiry being held in
connection with the company, I may say it was suggested by
Mr. G. A. Jones, one of the members of the Commission,
that we should have a representative at the meeting
to explain the position of the company. I am sending you a
statement of the Board of Directors of the company, and a
copy of the letter to the Chairman of the Commission."

After having a number of representatives of the company
on the Board of Directors, and others, we are
satisfied that the company is in a position to
a very satisfactory manner, and the Board of Directors
has been able to give a full and complete account of the
company's affairs."

Further to this we had requested a full account of
the affairs of the company, and the Board of Directors
has been able to give a full and complete account of the
company's affairs."

After the time that we were making the final decision
in favor of the company, we were surprised by a letter
of the Board of Directors, in which it was stated that
to enter a company, we should have a full and complete
and a full and complete account of the company's affairs
which would be given to the Board of Directors, and
the same would be given to the Board of Directors."

I personally inspected the site in question and found
that while the property was not as large as the Board
will property, it had been added to the company's
which I had believed the fact that the Board were
going to bring the company's affairs into the property
and that the Board of Directors, and I believe we were
have had a full and complete account of the company's
affairs."

There were only two questions left, viz: railway facilities
and the cost of power.

The Brockville property was served by the Canadian National and Grand Trunk, but I was anxious to have service from the Canadian Pacific also, which the town offered to provide in the event of our deciding in their favor.

As regards the cost of power, you no doubt have the figures before you which show that we are paying \$35 per h.p. per annum for 1100 horse power up to 2500 horse power and \$31 per h.p. over that amount; while the rate for Cornwall was \$33 and \$29 respectively.

Even though the cost of power for Brockville was slightly higher than that offered for Cornwall, after carefully weighing the advantages and disadvantages of the two towns, we decided in favor of Brockville, as the staff of the company who had visited the town unanimously agreed that Brockville would be a more desirable place from a residential viewpoint.

COPY

Yours very truly,

(Signed) Lawford Grant,

Managing Director."

Relations between the Commission
and the M. F. Beach Company of Iroquois

Beginning in 1913, the M. F. Beach Company was furnishing power to the Village of Iroquois and to the New York and Ontario Power Company at a rate below \$12.00 per horsepower. The Commission purchased this same power from the New York and Ontario Power Company at a rate of \$14.00 per horsepower. When the Commission began taking power directly from the Beach Company, \$12.00 was considered by the Commission a fair price and payment was made at this rate during the period from April 1st, 1916, to April 30th, 1919. Concurrently Mr. Beach was billing the Commission for power at

\$16.00 per horse-power and he brought suit in the amount of \$8,190.78 (with interest from the date of issue of the writ of summons, February 13th, 1922) against the Commission to recover the difference between \$12.00 and \$16.00 per horse-power for power furnished.

P.W.
p.4.

By mutual agreement, Mr. J. H. Robertson of Montreal was appointed arbitrator "to determine what reasonable and just price should be paid to the plaintiffs for the power furnished by them to the defendant from May 1st, 1916, to May 1st, 1919, and to fix the amount due the plaintiffs by the defendant after deducting the sum already paid the plaintiffs by the defendant".

The following are extracts from the report of the arbitrator, dated February 15th, 1923:

"Under date of May 6th, 1916, Beach notified the Hydro that in the absence of immediate acceptance of his price, negotiations would be considered off - the inference being that the power supply would be discontinued.

In a letter dated May 12th, 1916, the Hydro acknowledged receipt of this letter and inserted therein the statement that in the absence of an acceptance by Beach of a contract for ten years at the rate of \$13.00, the Hydro 'will be compelled to take such steps respecting the acquiring of your power as they may be advised'."

Ev.
1036

1

700.00 per annum, and the balance of the amount
of \$1,000.00 (one thousand) per annum, to be paid
in equal installments, beginning on January 1, 1961,
in respect to the difference between \$10.00 and \$100.00 per

W.H.
D.C.

per annum for power furnished.

It is further agreed that the balance of the amount

now unpaid shall be paid in equal installments, and

that the balance of the amount now unpaid shall be

paid in equal installments, beginning on January 1, 1961,

in respect to the difference between \$10.00 and \$100.00 per

annum for power furnished.

Witness my hand and seal this 1st day of January, 1961.

The following are witnesses to the signing of the

agreement, dated January 1st, 1961:

Witnessed by me, J. Edgar Hoover, Director, FBI.

Witnessed by me, J. Edgar Hoover, Director, FBI.

Witnessed by me, J. Edgar Hoover, Director, FBI.

Witnessed by me, J. Edgar Hoover, Director, FBI.

Witnessed by me, J. Edgar Hoover, Director, FBI.

Witnessed by me, J. Edgar Hoover, Director, FBI.

Witnessed by me, J. Edgar Hoover, Director, FBI.

Witnessed by me, J. Edgar Hoover, Director, FBI.

Witnessed by me, J. Edgar Hoover, Director, FBI.

Witnessed by me, J. Edgar Hoover, Director, FBI.

Witnessed by me, J. Edgar Hoover, Director, FBI.

W.H.
1030

Witnessed by me, J. Edgar Hoover, Director, FBI.

"In determining the value of the power supplied, it is obvious that inasmuch as the power was taken by the defendant more or less against the will of the plaintiffs, it would be unjust to ask the plaintiffs to accept in payment for this power an amount of money less than its cost to him - taking into account all the elements of cost involved."

P.
107.

On this basis, therefore, the arbitrator directed that the Commission pay to the executors of the Beach estate the sum of \$51,861.75, representing the unpaid balance of the value of the power supplied, interest being included to February 15th, 1923, and that the Commission also pay the cost of the action in the Supreme Court of Ontario, the costs in connection with the agreement to submit to arbitration, the costs of the arbitration, and the arbitrator's fee. This decision was given though the claim submitted by the company only amounted to \$8,190.78 with interest from February 18th, 1922.

S U M M A R Y

In the foregoing sections of this report comment has been introduced from time to time to make the various statements clear. In addition to statements of fact obtained from the Auditors' and Consulting Engineer's reports, a considerable amount of evidence has been quoted in connection with the various claims advanced by the witnesses who gave evidence in connection with this system, and it is believed that the evidence quoted fairly represents the claims and counter-claims made in connection with the contentious matters brought to the attention of the Commission. In order to direct attention to the matters on which the Commission may desire to give decisions hereunder is given a brief summary of the points which appear to require special consideration.

1. Commission does not generate power - ("Physical" - p.4.)

It is to be noted that the Commission does not generate power distributed throughout this system, but acts only as a purchaser and distributor of same for all of the municipalities included in the system.

2. Capital Investment - ("General Economics" - p.7.)

It is to be noted that capital investment of \$864,193.53 is all represented by works and structures, no intangibles being included. It is also pointed out that if

APPENDIX

In the following sections of this report are:

and have included from time to time as well as the various statements given. In addition to statements of fact obtained from the various and classified engineering reports, a considerable amount of evidence has been given in connection with the various claims advanced by the witnesses and have evidence in connection with this system, and it is believed that the evidence given fairly represents the claims and substantiates the claims with the evidence. In order to make it the intention of the Commission, in order to make it clear that the evidence on which the Commission may desire to give evidence is given in detail summary of the points which appear in various reports.

1. General Information - ("General Information" - p. 4.)

It is to be noted that the Commission has not previously given information regarding this system, but only as a general and distributed of some of the information included in the system.

2. General Information - ("General Information" - p. 7.)

It is to be noted that the Commission has not previously given information regarding this system, but only as a general and distributed of some of the information included. It is also believed that the

the extensions contemplated are completed during the current year at the estimated costs, at the close of the fiscal year 1923, the capital investment will amount to approximately \$1,250,000.00.

3. Reserve for Renewals - ("General Economics" - p.9.)

The Commission reduced the annual rate for renewals from 4% to 3% making the change effective from the inception of the system to October 31st, 1921. This adjustment resulted in a reduction of \$17,709.88 in renewal reserve, correspondingly reducing the cost of power to the municipalities. Taking this adjustment into account, the balance in the reserve for renewals at October 31st, 1921, amounted to \$76,389.49. Our Consulting Engineer points out that this amount is somewhat larger than is necessary.

4. Sinking Fund ("General Economics" - p.10)

Reserve for sinking fund has been provided for in the cost of power in accordance with the Power Commission Act to form in thirty years, with interest at 4%, the amount of capital invested.

5. Reserve for Contingencies - ("General Economics" - p.12)

In addition to an annual charge of 25¢ per horsepower on the average amount of power supplied (excepting in the year 1920 when the rate established was \$1.50 per horse-

The enclosed statement was prepared during the summer
year of the calendar year, at the close of the fiscal year
1947, the capital investment will amount to approximately

\$1,280,000.00.

2. General Statement - "General Statement" - 2.1

The Commission received the annual report for 1946
from the utility companies and the electric companies
of the system to General Electric, 1946. This statement reflects
in a reduction of \$1,100,000 in total revenue, approximately
largely resulting from the loss of power to the municipalities. Facing
this adjustment into account, the balance in the reserve for
transmission at General Electric, 1946, amounted to \$1,100,000.00.
General Electric believes that this amount is sufficient
larger than is necessary.

4. General Statement - "General Statement" - 4.1

Reserve for electric load has been provided for in
the case of power in accordance with the power demand in the
in turn in electric power, with interest at 4.5% the amount of
capital invested.

6. General Statement - "General Statement" - 6.1

is sufficient to be added to the amount of \$1,100,000.00
power to the system amount of power supplied (including in
the year 1946 when the rate established was \$1.10 per kilowatt-
hour).

power) other amounts representing profits realized on sales of miscellaneous equipment have been used to augment this fund. Mr. Walter J. Francis points out on page 45 of his report that the reserve for contingencies should be augmented from the present amount of \$3,372.65 to \$12,000.00 or \$15,000.00, and that such increase should be built up by increasing the annual allowance in respect of this reserve.

6. Accounts with Municipalities - ("General Economics" - p.12-14)

(a) The balance of power accounts receivable at October 31st, 1921, amounting to \$49,295.61, represent unpaid balances in respect of interim power bills for that year. It is found that all of these accounts were paid prior to September 20th, 1922.

(b) As at October 31st, 1921, there was an accumulated debit balance amounting to \$18,634.74 against ten municipalities in the system. As at this date under the provisions of Section 23a of the Power Commission Act, three of these municipalities were in default of the payment of their power bills inasmuch as some of the balances due extend back to the first year of operation, and beyond the three year limit as authorized by the Act.

7. Results of Operation - ("General Economics" - p.14)

The financial statements on the operation of the system show that in the year 1918 no loss was sustained. In

overing the annual allowance in respect of this reserve.

(41-21,9 - "admission of interest") - Anti-Trust Act, 1906, § 1

100-443888-100

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151.2 - "General Records" - 1911-1912 to 1913-1914.

The financial statement on the operations of the

the years 1919 and 1920, losses of \$1,114.00 and \$3,167.00 respectively were experienced in furnishing power to private companies, such losses being absorbed by and transferred to the Contingency Reserve Account, thus reducing the security represented by this account to the extent of over \$4,000.00. In 1921, the loss sustained in furnishing power to private companies amounted to \$1,413.00, but this loss was charged direct to the municipalities in their power bills.

8. Power Costs -- ("General Economics" - p.15)

The cost of power based on the horse-power billed in accordance with conditions before adjustment was made in renewal rates, increased from \$38.70 per horse-power in 1918 to \$50.40 in 1921, representing an increase of approximately 30% during that period. When the adjustment in renewal rates was made this range in cost per horse-power was changed so that the figures obtaining as at October 31st, 1921, showed a range in price from \$36.29 per horse-power in 1918 to \$50.40 in 1921, or an increase of 38%.

The reduction of the renewal reserve had a material effect on the cost of power resulting in a reduction of approximately \$2.50 per horse-power.

As an illustration of the operation of the system as a whole during the period of 1918 to 1921, revenue based on interim power bills failed to meet operating expenses and fixed charges in the amount of \$17,784.00. However, this amount is subject to a reduction of \$10,484.70 as shown on page 16 of

this report due to the revision in the renewal charges to October 31st, 1920.

9. Estimated Power Loads, compared with Actual Power Loads - ("General Economics" -p.19)

Disregarding all municipalities in which loads were not estimated and municipalities which had not been in operation for a full year, the estimated loads on which estimates as to the cost of power were submitted, exceeded the actual yearly average load by approximately 46%.

10. Comparison of Estimated Cost per Horse-power with Actual Cost per Horse-power - ("General Economics" -p.20)

Disregarding those municipalities that have not been in operation for a full year, the actual cost of power to the municipalities has exceeded the estimated cost in all cases. This excess cost has ranged from 31% in the case of the municipality of Prescott to 141% for the municipality of Winchester.

In addition to the municipalities referred to above, the Commission began supplying power to Alexandria, Apple Hill, Lancaster, Martintown and Maxville, and during the broken period ending October 31st, 1921, the cost of power to these municipalities resulted in rates ranging from 86% to 248% in excess of the estimated cost. It is stated that these increases are due to the estimated loads not being

This report was prepared in the Bureau of Census in

October 1950.

1. National Bureau of Census, Washington, D.C. (100-100000-4113)

Investigating all municipalities in which there

have not been established and municipalities which have not been

in operation for a full year. The estimated 1949 population

estimated on the basis of 1948 population, estimated

the actual 1949 average and by approximately 1949.

12. Comparison of estimated 1949

and 1948 population

100-100000-4113 - ("General Information" - p. 10)

Investigating those municipalities that have not

been in operation for a full year, the actual 1949 population

as the municipalities has estimated the estimated 1949 population

average. This average has been based on the 1948 population

the municipality of persons in 1948 and the municipality

of Washington.

In addition to the municipalities referred to above,

the Commission began applying power to Alexandria, 1949.

111, 100,000, 100,000, 100,000, and during the

period prior to the 1949 Census, 1949, the total of power in

these municipalities was estimated to have reached 1949 and to

1949 in terms of the estimated 1949. It is noted that

these figures are not in the estimated 1949 and being

realized, and the capital investment being out of all proportion to the amount of power consumed. As an example it is to be noted that in the village of Lancaster, the rate is \$337.63 per horse-power, the fixed charges included in this rate amounting to \$208.15 per horse-power.

11. Power Purchased ("General Economics" - p. 18)

The horse-power purchased for the system increased from 541 horse-power in 1918 to a total of 3,096 horse-power for the year 1921. The rates paid by the Commission for this power range from \$12.00 to \$15.00 per horse-power.

12. Population Served and Growth of Market ("General Economics" - p. 24)

The combined population of all municipalities served by the St. Lawrence System is 76,000 persons. The ratio of consumers to population as of October 31st, 1921, was about 20.5%. As pointed out the load during the period 1913 to 1918 was less than 600 horse-power, but, since that date, the load has grown with considerable rapidity and for the year 1922 the amount of power used on the system was 4908 horse-power. It is probable that, with the addition of the Eugene Phillips Company's load in 1923, a peak demand of possibly 7,000 horse-power will be reached.

13. Future Sources of Power - ("General Economics" - p. 28-31)

The report of our Consulting Engineer indicates that comparatively large capacity in privately owned power

...and the capital investment being out of all
 proportion to the amount of power consumed. It is an example
 of the fact that in the village of Lancaster, the
 rate is \$0.15 per kilowatt-hour, the time charges included
 in this rate amounting to \$0.10 per kilowatt-hour.

11. Power Requirements - p. 101

The power requirements for the system indicated
 from all power-generating plants is a total of 8,000 kilowatts.
 The peak load, the power used by the community for this
 power range from 11.5 to 12.5 kilowatts.

COPY

12. Power Requirements - p. 102

The combined population of all communities
 served by the St. Lawrence System is 14,000 persons. The
 ratio of population to power is on an average 1:1.5, 1951,
 and about 1:1.5, as pointed out in the last section of the report.
 This is 1951 and less than 1950 power-generating plants that
 have been built with considerable capacity and the
 fact that 1951 the amount of power used in the system was
 1,000 kilowatts. It is probable that with the addition of
 the Eugene Phillips Company's load in 1952, a peak demand of
 possibly 7,000 kilowatts will be reached.

13. Power Requirements - p. 103-104

The report of our consulting engineer indicates
 that comparatively large capacity in relatively small power

plants could be made available for the district. On account of representations made it would appear that some consideration should be given the question as to what is to be done with the privately owned developments in the district. If the private companies continue to operate, it has been pointed out that this will result in duplication of transmission lines in certain parts of the district. Such condition would also place the Commission in direct competition with private enterprises.

In the alternative, if the Commission acquired by purchase the rights of the developments owned by private companies, they would be faced with the problem of operating a number of relatively small plants, whereas their substation construction and transmission lines have been built with the intention of continuing to purchase all power required from the Cedars Rapids Company.

14. Commission's Relations with the City of Cornwall - ("General Relations" - p.32-40)

Under the provisions of the Power Commission Act the Commission is authorized after obtaining a formal resolution from a municipality to furnish estimates with respect to the cost of supplying that municipality with power. Such a resolution was sent to the Commission by the City of Cornwall in 1912, but at that time the Commission was not in a position to supply power. In 1921, the Commission was asked by the Mayor for further information as to the power situation, and

Mr. Jeffrey of the Commission visited Cornwall and pointed out that power was available and that any arrangement made for power in the district would of necessity be under the Power Commission Act.

In July, 1921, a vote was taken in the City of Cornwall with reference to the renewal of the contract with the Stormont Electric Light & Power Company, Limited, and it would appear from the evidence that the Commission took a very active part in the campaign at the request of an association known as the "Citizens League". The expenses in connection with the efforts made by the Commission to defeat the by-law authorizing the extension of the franchise amounted to approximately \$1,600.00 of which the sum of \$803.14 was incurred by the Ontario Municipal Electric Association. The latter amount did not come out of the funds of the Association, but was paid to the Association by the Commission who in turn charged the amount to the Province. It would appear that there is no legal authority for the Commission to expend the sum of \$1,600.00 in the first place since the Commission visited Cornwall at the request of the Citizens League only, or to re-imburse the Ontario Municipal Electric Association at the expense in effect of the Province, and it is a matter of opinion whether or not it is proper for the Commission to enter into a campaign of this nature.

Mr. Telford of the Commission visited Toronto and Ottawa and that power was available and that any arrangement made for power in the electric works of Toronto is under the power Commission Act.

In July, 1911, a year had passed in the City of

Commission also visited in the summer of the summer year

and Toronto Electric Light & Power Company, Limited, and

it would appear from the evidence that the Commission took

a very active part in the campaign of the project of an

association known as the "Electric League". The response

in connection with the project of the Commission is

before the public and the Commission is satisfied that the

amount of approximately \$1,000,000 of which the sum of \$500,000

was received by the Ontario Municipal Electric Association

The latter amount was not used at the time of the

Association, but was held in the possession of the Commission

who in turn charged the amount to the Province. It would

appear that there is no legal authority for the Commission

to expend the sum of \$1,000,000 in the City of Toronto

Commission visited Toronto as the project of the Province

League only as to the Province the Ontario Municipal Electric

Association as the response in effect of the Province, and it

is a matter of opinion whether or not it is proper for the

Commission to enter into a campaign of this nature.

With respect to the representations made that the Eugene Phillips Company were unduly influenced by the Commission and virtually forced to locate in Brockville, the evidence is not altogether clear and no proof has been submitted which would seem to indicate that such was the case.

In connection with the alleged discrimination against Cornwall as regards the rates quoted to the Eugene Phillips Company, it would appear that the Commission exercised certain arbitrary judgment in this matter and in support of their action claim that they were doing so in the interests of other municipalities already on a Hydro basis.

COPY
In addition to using arbitrary methods in the fixing of rates quoted to the City of Cornwall, the Commission advised the City that it would be impossible for them to obtain rates from the Cedars Rapids Company as an agreement between the Company and the Commission prevented the Company from competing with the Commission. The Commission has failed to provide us with the details of this agreement, and in view of the fact that the President of the Cedars Rapids Company denied knowledge of such an agreement when approached by a deputation from Cornwall, it would appear that the Commission's action had the effect of misleading the City and would thus prevent the City from securing competitive rates.

First, respect to the representations made that the

various utilities company with various franchises by the Com-

mission and virtually across the board in Kentucky, the

evidence is not altogether clear and no great has been con-

cluded which would seem to indicate that such was the case.

In connection with the alleged discrimination

against Kentucky as regards the rates charged to the public

utilities company, it would appear that the Commission considered

certain evidence bearing in this matter and in support of

their action which they were taking in the instance

of other municipalities already on a higher basis.

In order to bring arbitrary methods in the fixing

of rates passed in the City of Louisville, the Commission advised

the City that it would be impossible for them to obtain rates

from the Delta Electric Company as an agreement between the

company and the Commission prevented the Company from con-

cluded with the Commission. The Commission was failed in

proceeding with the refusal of this agreement, and in view of

the fact that the President of the Delta Electric Company stated

that he had an agreement with the Commission as a condition

from Louisville, it would appear that the Commission's action

and the effect of misleading the City and would have passed

the City those assuming tentative rates.

In connection with the matter of quoting rates to the municipalities, it would appear to be quite proper for the Commission to give Hydro municipalities the preference, inasmuch as the municipalities are eventually responsible for the success of the undertaking. On the other hand, it must be borne in mind that every municipality in the Province of Ontario bears its share of responsibility with respect to expenditures made, and a certain element of unfairness enters into any discrimination that is made in the matter of rates quoted, such as in the case of Brockville and Cornwall.

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15. Relations with the M.F. Beach Co. - ("General Relations" - p.40)

No special comment in connection with this would appear to be necessary, except to point out that the arbitrator rendered a decision in favour of the M. F. Beach Company whereby it was awarded the sum of \$51,861.75, whereas the amount of the claim was only \$8,190.78 with interest from February 18th, 1922. The Commission admitted a liability of \$78.00.

In connection with the matter of passing money to

the committee, it was agreed to be given proper

attention to give proper consideration to the

as the committee was eventually responsible for the

of the committee. As the other party, it was in mind

that every committee in the province of Ontario

shall be responsible with respect to expenditure

a certain amount of money and ensure that any

that is made in the matter of expenditure

shall be made in the matter of expenditure

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12. General Statement - ("General Statement" - p. 40)

No special account is necessary with this

appears to be necessary, except to state that the

there remains a balance in favour of the

amount of money is not stated in the

system and amount of the state was only \$1,000.00

inserted from February 1962. The Commission admitted

a liability of \$10.00.

APPENDIX A

It has just recently been brought to our attention that the Commission has made substantial reductions in the renewal rates charged in various systems, and that such reductions have been made retroactive to the date of first operation.

In connection with this change, Mr. Brown, of Messrs. Price, Waterhouse & Company, has submitted a memorandum which in part reads as follows:

Memorandum re Reduction of Renewal Rates
on the St. Lawrence System

"On December 20th, 1922, the Commission passed the following Minute reducing the renewal rates on the St. Lawrence System:

'The Chief Engineer having recommended a revised depreciation rate calculated on the basis of the life of the equipment, also having advised that this matter had been taken up with Mr. Francis and approved, it was decided that the depreciation rate for the St. Lawrence System should be fixed at 2 per cent. and that this rate be made retroactive to date of first operation.'

The rate used by the Commission was 5 per cent. which has been reduced to 2 per cent. as stated above. This revision has the effect of reducing renewal charges approximately 33 per cent.

I have been informed by the Hydro-Electric Power Commission that the effect of this revision has resulted in a reduction in the renewal reserve of approximately \$25,400.00

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It has been pointed out that the Commission has made considerable progress in the removal of certain charges in various instances, and that such removals have been made representative of the work of the Commission. In connection with this matter, Mr. Brown, of Newark, N.J., has been a helpful contributor to the Commission's work.

Enclosed for the Commission are two copies of a letterhead memorandum dated and captioned as above.

The Commission will, in connection with the following items, be required to report to the Board of Directors of the Commission.

The Board of Directors of the Commission has received a report from the Commission dated and captioned as above, which has been reviewed by the Board of Directors. The Board of Directors has approved the report and has recommended that the Commission be authorized to take such action as may be deemed appropriate.

The Board of Directors of the Commission has also recommended that the Commission be authorized to take such action as may be deemed appropriate in connection with the removal of certain charges in various instances, and that such removals have been made representative of the work of the Commission.

I have been informed by the Board of Directors of the Commission that the Board of Directors has approved the report and has recommended that the Commission be authorized to take such action as may be deemed appropriate.

of which \$22,600.00 has been applied as a credit to the municipalities, and \$2,800.00 as an addition to the contingency reserve. The amount of \$22,600.00, credited to the municipalities, has the effect of reducing the cost of power to them during the entire period of operation to October 31st, 1921, and would have the effect of reducing the balances owing by them at October 31st, 1921, and in a few cases changing the debit balances to credit balances.

The operating figures shown in the report are also subject to revision, especially the annual cost per horsepower.

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The balance in the contingency reserve at October 31st, 1921, was \$3,372.00 which together with the addition of \$2,800.00 arising from the reduction in the renewal reserve will bring the contingency reserve to approximately \$6,172.00, which is about 50 per cent. of the amount which Mr. Francis believes should be held in reserve for contingencies on this system.

The contentions of Mr. Guilfoyle in respect of changes in the renewal reserve on the Eugenia System are also applicable to this system. These contentions are that Mr. Guilfoyle has pointed out the necessity of giving effect to the adjustment in the reports made by this Commission as it changes the results of operation to a considerable extent."

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In view of instructions given no attempt has been made to recast the figures in order that they may conform with the changes recently made, but it is pointed out that in reporting to the Government some reference should be made to the reduction that has been made in the renewal reserve account.

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is a list of the names of the persons who

have been in contact with the person who

has been in contact with the person who

has been in contact with the person who

has been in contact with the person who

has been in contact with the person who

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